A-2025-3058927
A-2025-3058928
A-2025-3058929
DATE OF DEPOSIT

OCT 24 2026

PA Public Utility Commission
Secretary's Bureau

Michael Reimer
13961 W 83rd Pl
Arvada, CO 80005
October 24, 2026

Pennsylvania Public Utilities Commission
400 N Street
Keystone Building
Harrisburg, PA 17120

Dear Commission Members:

I request that you do not approve the merger between Essential Utilities and American Water Works in its present configuration.

The buyout terms offered by American Water Works seem to have been made without adequate guardrails to maintain the integrity of the original offer and there may not have been adequate disclosure of the possible options involved, a situation seemingly overlooked by reviewing regulators up to this time. Note that proper guardrails would protect the shareholders of either company involved in the merger from being disadvantaged.

Specifically, the buyout of Essential Utilities was fashioned to give 0.305 share of American Water Works for each share of Essential Utilities. While this was largely based on the trading price at the time of the original merger documents, there was no apparent protection from any adverse changes of market price, whether natural or contrived, at the time of the merger approval. It appears that ratio was a fixed ratio and not a floating ratio. The share exchange was stated to have a 10 percent acquisition premium for Essential Utilities shareholders which is significantly less than what is usually considered a traditional fair market 20 percent increase offer.

As of October 23, 2026, the approximate stock trading price of American Water Works is $142 and Essential Utilities is $43. This is a ratio of 0.302, nearly erasing the premium. Because of the lack of guardrails, there was nothing to prevent or protect against any adverse change in the stock prices to cause a financial impact on that original exchange offer.

This disparity is also reflected from a share holder standpoint in dividends paid. The quarterly dividend per share for Americal Water works compared to that of Essential would represent a lower dividend for Essential Utilities shareholders with the present exchange offer reducing the common Essential Utility dividend by approximately 25%, a significant impact for stockholders relying of dividends for subsistence. I express that

concern as a holder of Essential Utilities stock and am probably not the only individual in that same situation.

In addition, the original buyout offer for Essential Utilities was to include the Peoples Natural Gas holdings of Essential Utilities. One option was that this subsidiary would be sold after the merger. The gas holdings are approximately 1/3 the market capitalization of Essential Utilities Inc. If sold after the merger, that value would be diluted into the combined holdings of American Water Works and Essential Utilities, therefore rewarding previous American Water Works shareholders to the disadvantage of previous Essential Utilities shareholders.

As it stands at this time, the merger advantage is completely in favor of American Water Works to the detriment of Essential Utility shareholders. Because of the lack of fair market value guardrails, I believe the agreement must not be approved in its current format and mandatory requirements should be added to ensure that initial goodwill is maintained. Certainly, to maintain that level of goodwill, even using the paltry 10 percent acquisition premium and ignoring the subsidiary sale, a fair exchange value (floating basis) at today's market rate would be minimally centered at 0.335 shares of American Water Works to 1 share of Essential Utilities.

Sincerely,

Michael Reimer

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Packet number references:
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